



General Assembly

Substitute Bill No. 1337

January Session, 2005

* _____SB01337CE_FIN032405_____*

**AN ACT CONCERNING SUPPORT FOR THE UNITED STATES
SUBMARINE BASE NEW LONDON, LOCATED IN GROTON, AND
MANUFACTURING AND DEFENSE MANUFACTURING IN THE STATE.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2005*) (a) For the purposes
2 described in subsection (b) of this section, the State Bond Commission
3 shall have the power, from time to time, to authorize the issuance of
4 bonds of the state in one or more series and in principal amounts not
5 exceeding in the aggregate twenty-six million dollars.

6 (b) The proceeds of the sale of said bonds, to the extent of the
7 amount stated in subsection (a) of this section, shall be deposited in the
8 Defense Manufacturing and Submarine Base Fund established in
9 section 3 of this act and used in accordance with the purposes of
10 section 4 of this act.

11 (c) All provisions of section 3-20 of the general statutes, or the
12 exercise of any right or power granted thereby, which are not
13 inconsistent with the provisions of this section are hereby adopted and
14 shall apply to all bonds authorized by the State Bond Commission
15 pursuant to this section, and temporary notes in anticipation of the
16 money to be derived from the sale of any such bonds so authorized
17 may be issued in accordance with said section 3-20 and from time to
18 time renewed. Such bonds shall mature at such time or times not

19 exceeding twenty years from their respective dates as may be provided
20 in or pursuant to the resolution or resolutions of the State Bond
21 Commission authorizing such bonds. None of said bonds shall be
22 authorized except upon a finding by the State Bond Commission that
23 there has been filed with it a request for such authorization which is
24 signed by or on behalf of the Secretary of the Office of Policy and
25 Management and states such terms and conditions as said commission,
26 in its discretion, may require. Said bonds issued pursuant to this
27 section shall be general obligations of the state and the full faith and
28 credit of the state of Connecticut are pledged for the payment of the
29 principal of and interest on said bonds as the same become due, and
30 accordingly and as part of the contract of the state with the holders of
31 said bonds, appropriation of all amounts necessary for punctual
32 payment of such principal and interest is hereby made, and the State
33 Treasurer shall pay such principal and interest as the same become
34 due.

35 Sec. 2. (NEW) (*Effective July 1, 2006*) (a) For the purposes described
36 in subsection (b) of this section, the State Bond Commission shall have
37 the power, from time to time, to authorize the issuance of bonds of the
38 state in one or more series and in principal amounts not exceeding in
39 the aggregate fourteen million dollars.

40 (b) The proceeds of the sale of said bonds, to the extent of the
41 amount stated in subsection (a) of this section, shall be deposited in the
42 Defense Manufacturing and Submarine Base Fund established in
43 section 3 of this act and used in accordance with the purposes of
44 section 4 of this act.

45 (c) All provisions of section 3-20 of the general statutes, or the
46 exercise of any right or power granted thereby, which are not
47 inconsistent with the provisions of this section are hereby adopted and
48 shall apply to all bonds authorized by the State Bond Commission
49 pursuant to this section, and temporary notes in anticipation of the
50 money to be derived from the sale of any such bonds so authorized
51 may be issued in accordance with said section 3-20 and from time to

52 time renewed. Such bonds shall mature at such time or times not
53 exceeding twenty years from their respective dates as may be provided
54 in or pursuant to the resolution or resolutions of the State Bond
55 Commission authorizing such bonds. None of said bonds shall be
56 authorized except upon a finding by the State Bond Commission that
57 there has been filed with it a request for such authorization which is
58 signed by or on behalf of the Secretary of the Office of Policy and
59 Management and states such terms and conditions as said commission,
60 in its discretion, may require. Said bonds issued pursuant to this
61 section shall be general obligations of the state and the full faith and
62 credit of the state of Connecticut are pledged for the payment of the
63 principal of and interest on said bonds as the same become due, and
64 accordingly and as part of the contract of the state with the holders of
65 said bonds, appropriation of all amounts necessary for punctual
66 payment of such principal and interest is hereby made, and the State
67 Treasurer shall pay such principal and interest as the same become
68 due.

69 Sec. 3. (NEW) (*Effective July 1, 2005*) There is established, within the
70 General Fund, a separate, nonlapsing fund to be known as the
71 "Defense Manufacturing and Submarine Base Fund". The fund may
72 contain any moneys required by law to be deposited in the fund.
73 Investment earnings credited to the assets of the fund shall become
74 part of the assets of the fund. The State Treasurer shall administer the
75 fund. Any balance remaining in the fund at the end of any fiscal year
76 shall be carried forward in the fund for the next fiscal year. All moneys
77 deposited in the fund shall be used for the purposes of section 4 of this
78 act.

79 Sec. 4. (NEW) (*Effective July 1, 2005*) The Commissioner of Economic
80 and Community Development, in consultation with the Commissioner
81 of Public Works and Connecticut Innovations, Incorporated, shall use
82 the moneys in the Defense Manufacturing and Submarine Base Fund
83 established in section 3 of this act for grants to Electric Boat and the
84 United States Naval Submarine Base New London, located in Groton,
85 for projects to improve the economic competitiveness of Electric Boat

86 and improve the energy efficiency of Electric Boat and said submarine
87 base. Such energy efficiency projects may include, but shall not be
88 limited to, fuel cells manufactured in Connecticut, energy conservation
89 measures, cogeneration plants and power plants and transmission
90 facilities. Such projects shall be developed and coordinated with the
91 utility serving the area in which Electric Boat and said submarine base
92 are located. The Commissioner of Economic and Community
93 Development, in consultation with the Commissioner of Public Works
94 and Connecticut Innovations, Incorporated, shall establish standards
95 and procedures for such grants, including, but not limited to, (1)
96 application procedures, (2) criteria for such economic competitiveness
97 and energy efficiency projects, and (3) terms and conditions for the
98 awarding of such grants. The total amount of such grants that may be
99 made to Electric Boat shall not exceed thirteen million dollars during
100 the fiscal year ending June 30, 2006, and six million dollars during the
101 fiscal year ending June 30, 2007. The total amount of such grants that
102 may be made to the United States Naval Submarine Base New London,
103 located in Groton, shall not exceed thirteen million dollars during the
104 fiscal year ending June 30, 2006, and eight million dollars during the
105 fiscal year ending June 30, 2007.

106 Sec. 5. Subparagraph (A) of subdivision (72) of section 12-81 of the
107 general statutes is repealed and the following is substituted in lieu
108 thereof (*Effective July 1, 2005, and applicable to assessment years*
109 *commencing on or after October 1, 2005*):

110 (72) (A) Effective for assessment years commencing on or after
111 October 1, 2002, new machinery and equipment, as defined in this
112 subdivision, acquired after October 1, 1990, and newly-acquired
113 machinery and equipment, as defined in this subdivision, acquired on
114 or after July 1, 1992, by the person claiming exemption under this
115 subdivision, [, provided] For any such machinery or equipment
116 acquired before July 1, 2005, this exemption shall only be applicable in
117 the five full assessment years following the assessment year in which
118 such machinery or equipment is acquired. [,] For any such machinery
119 or equipment acquired on or after July 1, 2005, this exemption shall be

120 applicable in each assessment year following the assessment year in
121 which such machinery or equipment is acquired. The exemption
122 provided in this subdivision shall be subject to the provisions of
123 subparagraph (B) of this subdivision. Machinery and equipment
124 acquired on or after July 1, 1996, and used in connection with
125 biotechnology shall qualify for the exemption under this subsection.
126 For the purposes of this subdivision: (i) "Machinery" and "equipment"
127 means tangible personal property which is installed in a
128 manufacturing facility and claimed on the owner's federal income tax
129 return as either five-year property or seven-year property, as those
130 terms are defined in Section 168(e) of the Internal Revenue Code of
131 1986, or any subsequent corresponding internal revenue code of the
132 United States, as from time to time amended, and the predominant use
133 of which is for manufacturing, processing or fabricating; for research
134 and development, including experimental or laboratory research and
135 development, design or engineering directly related to manufacturing;
136 for the significant servicing, overhauling or rebuilding of machinery
137 and equipment for industrial use or the significant overhauling or
138 rebuilding of other products on a factory basis; for measuring or
139 testing or for metal finishing; or used in the production of motion
140 pictures, video and sound recordings. "Machinery" means the basic
141 machine itself, including all of its component parts and contrivances
142 such as belts, pulleys, shafts, moving parts, operating structures and
143 all equipment or devices used or required to control, regulate or
144 operate the machinery, including, without limitation, computers and
145 data processing equipment, together with all replacement and repair
146 parts therefor, whether purchased separately or in conjunction with a
147 complete machine, and regardless of whether the machine or
148 component parts thereof are assembled by the taxpayer or another
149 party. "Equipment" means any device separate from machinery but
150 essential to a manufacturing, processing or fabricating process. (ii)
151 "Manufacturing facility" means that portion of a plant, building or
152 other real property improvement used for manufacturing, processing
153 or fabricating, for research and development, including experimental
154 or laboratory research and development, design or engineering

155 directly related to manufacturing, for the significant servicing,
156 overhauling or rebuilding of machinery and equipment for industrial
157 use or the significant overhauling or rebuilding of other products on a
158 factory basis, for measuring or testing or for metal finishing. (iii)
159 "Manufacturing" means the activity of converting or conditioning
160 tangible personal property by changing the form, composition, quality
161 or character of the property for ultimate sale at retail or use in the
162 manufacturing of a product to be ultimately sold at retail. Changing
163 the quality of property shall include any substantial overhaul of the
164 property that results in a significantly greater service life than such
165 property would have had in the absence of such overhaul or with
166 significantly greater functionality within the original service life of the
167 property, beyond merely restoring the original functionality for the
168 balance of the original service life. (iv) "Fabricating" means to make,
169 build, create, produce or assemble components or tangible personal
170 property work in a new or different manner, but does not include the
171 presorting, sorting, coding, folding, stuffing or delivery of direct or
172 indirect mail distribution services. (v) "Processing" means the physical
173 application of the materials and labor in a manufacturing process
174 necessary to modify or change the characteristics of tangible personal
175 property. (vi) "Measuring or testing" includes both nondestructive and
176 destructive measuring or testing, and the alignment and calibration of
177 machinery, equipment and tools, in the furtherance of the
178 manufacturing, processing or fabricating of tangible personal property.
179 (vii) "Biotechnology" means the application of technologies, including
180 recombinant DNA techniques, biochemistry, molecular and cellular
181 biology, genetics and genetic engineering, biological cell fusion
182 techniques, and new bioprocesses, using living organisms, or parts of
183 organisms, to produce or modify products, to improve plants or
184 animals, to develop microorganisms for specific uses, to identify
185 targets for small molecule pharmaceutical development, or to
186 transform biological systems into useful processes and products.

187 Sec. 6. Section 12-94b of the general statutes is repealed and the
188 following is substituted in lieu thereof (*Effective from passage*):

189 On or before March fifteenth, annually, commencing March 15,
190 1998, the assessor or board of assessors of each municipality shall
191 certify to the Secretary of the Office of Policy and Management, on a
192 form furnished by said secretary, the amount of exemptions approved
193 under the provisions of subdivisions (72) and (74) of section 12-81, as
194 amended by this act, together with such supporting information as
195 said secretary may require including the number of taxpayers with
196 approved claims under said subdivisions (72) and (74) and the original
197 copy of the applications filed by them. Said secretary shall review each
198 such claim as provided in section 12-120b. Not later than December
199 first next succeeding the conclusion of the assessment year for which
200 the assessor approved such exemption, the secretary shall notify each
201 claimant of the modification or denial of the claimant's exemption, in
202 accordance with the procedure set forth in section 12-120b. Any
203 claimant aggrieved by the results of the secretary's review shall have
204 the rights of appeal as set forth in section 12-120b. With respect to
205 property first approved for exemption under the provisions of
206 subdivisions (72) and (74) of section 12-81 for the assessment years
207 commencing on or after October 1, 2000, the grant payable for such
208 property to any municipality under the provisions of this section shall
209 be equal to eighty per cent of the property taxes which, except for the
210 exemption under the provisions of subdivisions (72) and (74) of section
211 12-81 for each applicable assessment year, would have been paid. The
212 secretary shall, on or before December fifteenth, annually, certify to the
213 Comptroller the amount due each municipality under the provisions of
214 this section, including any modification of such claim made prior to
215 December first, and the Comptroller shall draw an order on the
216 Treasurer on or before the twenty-fourth day of December following
217 and the Treasurer shall pay the amount thereof to such municipality
218 on or before the thirty-first day of December following. If any
219 modification is made as the result of the provisions of this section on
220 or after the December fifteenth following the date on which the
221 assessor has provided the amount of the exemption in question, any
222 adjustments to the amount due to any municipality for the period for
223 which such modification was made shall be made in the next payment

224 the Treasurer shall make to such municipality pursuant to this section.
225 [The amount of the grant payable to each municipality in any year in
226 accordance with this section shall be reduced proportionately in the
227 event that the total of such grants in such year exceeds the amount
228 appropriated for the purposes of this section with respect to such
229 year.] The General Assembly shall appropriate sufficient funds for the
230 fiscal year beginning July 1, 2005, and each fiscal year thereafter, to
231 fully carry out the purposes of this section. As used in this section,
232 "municipality" means each town, city, borough, consolidated town and
233 city and consolidated town and borough and each district, as defined
234 in section 7-324, and "next succeeding" means the second such date.

235 Sec. 7. Subdivision (1) of subsection (a) of section 12-214 of the
236 general statutes is repealed and the following is substituted in lieu
237 thereof (*Effective July 1, 2005, and applicable to income years commencing*
238 *on or after January 1, 2010*):

239 (a) (1) Every mutual savings bank, savings and loan association and
240 every company engaged in the business of carrying passengers for hire
241 over the highways of this state in common carrier motor vehicles doing
242 business in this state, and every other company carrying on, or having
243 the right to carry on, business in this state, including a dissolved
244 corporation which continues to conduct business, except those
245 companies described in subdivision (2) of this subsection, shall pay,
246 annually, a tax or excise upon its franchise for the privilege of carrying
247 on or doing business, owning or leasing property within the state in a
248 corporate capacity or as an unincorporated association taxable as a
249 corporation for federal income tax purposes or maintaining an office
250 within the state, such tax to be measured by the entire net income as
251 herein defined received by such corporation or association from
252 business transacted within the state during the income year and to be
253 assessed for each income year commencing prior to January 1, 1995, at
254 the rate of eleven and one-half per cent, for income years commencing
255 on or after January 1, 1995, and prior to January 1, 1996, at the rate of
256 eleven and one-quarter per cent, for income years commencing on or
257 after January 1, 1996, and prior to January 1, 1997, at the rate of ten and

three-fourths per cent, for income years commencing on or after January 1, 1997, and prior to January 1, 1998, at the rate of ten and one-half per cent, for income years commencing on or after January 1, 1998, and prior to January 1, 1999, at the rate of nine and one-half per cent, for income years commencing on or after January 1, 1999, and prior to January 1, 2000, at the rate of eight and one-half per cent, [and] for income years commencing on or after January 1, 2000, and prior to January 1, 2010, at the rate of seven and one-half per cent, for income years commencing on or after January 1, 2010, and prior to January 1, 2011, at the rate of seven and three-quarters per cent, for income years commencing on or after January 1, 2011, and prior to January 1, 2012, at the rate of eight per cent, for income years commencing on or after January 1, 2012, and prior to January 1, 2013, at the rate of eight and one-quarter per cent, for income years commencing on or after January 1, 2013, and prior to January 1, 2014, at the rate of eight and one-half per cent, and for income years commencing on or after January 1, 2014, at the rate of eight and three-quarters per cent. The exemption of companies described in subparagraphs (G) and (H) of subdivision (2) of this subsection shall not be allowed with respect to any income year of any such company commencing on or after January 1, 1998, and any such company claiming such exemption for any income years commencing on or after January 1, 1985, but prior to January 1, 1998, shall be required to file a corporation business tax return in accordance with section 12-222 for each such income year.

Sec. 8. (NEW) (*Effective July 1, 2005*) (a) There is established the Defense Manufacturing and Submarine Base Advisory Board, consisting of six persons appointed as follows: Two by the Governor, one by the president pro tempore of the Senate, one by the speaker of the House of Representatives, one by the minority leader of the Senate and one by the minority leader of the House of Representatives. The members of the board shall have substantial expertise and experience in the fields of manufacturing, national defense, utilities or business and each of said fields shall be represented on the board at all times. Each member of the board shall serve a term that is coterminous with

292 the term of the appointing authority for such member. The board shall
 293 elect a chairperson and a vice-chairperson from among its members.
 294 Any person absent from (1) three consecutive meetings of the board, or
 295 (2) fifty per cent of such meetings during any calendar year shall be
 296 deemed to have resigned from the board, effective immediately.
 297 Vacancies on the board shall be filled by the appointing authority.
 298 Members of the board shall serve without compensation but shall,
 299 within the limits of available funds, be reimbursed for expenses
 300 necessarily incurred in the performance of their duties. The board shall
 301 meet as often as deemed necessary by the chairperson or a majority of
 302 the board.

303 (b) The board shall monitor (1) the competitiveness of the defense
 304 manufacturing industry in Connecticut, and (2) United States
 305 Government policies regarding military base closings and, not later
 306 than January first, annually, submit a report on its findings and
 307 recommendations to the Governor and the joint standing committee of
 308 the General Assembly having cognizance of matters relating to
 309 economic development, in accordance with the provisions of section
 310 11-4a of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2005</i>	New section
Sec. 2	<i>July 1, 2006</i>	New section
Sec. 3	<i>July 1, 2005</i>	New section
Sec. 4	<i>July 1, 2005</i>	New section
Sec. 5	<i>July 1, 2005, and applicable to assessment years commencing on or after October 1, 2005</i>	12-81(72)(A)
Sec. 6	<i>from passage</i>	12-94b
Sec. 7	<i>July 1, 2005, and applicable to income years commencing on or after January 1, 2010</i>	12-214(a)(1)
Sec. 8	<i>July 1, 2005</i>	New section

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Joint Favorable Subst. C/R

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